

Message Text

CONFIDENTIAL

PAGE 01 BONN 04423 261821 Z

45

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 USIE-00 OIC-04 RSR-01 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-09

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-14 STR-08 TAR-02 TRSE-00 PRS-01 SAL-01

OMB-01 SSO-00 CCO-00 NSCE-00 INRE-00 /157 W
----- 023348

O R 261745 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4109

INFO AMEMBASSY LONDON

USMISSION EC BRUSSELS

C O N F I D E N T I A L BONN 4423

LONDON FOR UNDER SECRETARY CASEY

E. O. 11652: XGDS

TAGS: ETRD

SUBJECT: FOREIGN OFFICE REACTION TO UNDER SECRETARY
CASEY ON PROPOSED US TRADE BILL

REF: BONN 4265 AND 4337

1. SUMMARY. THE FRG FOREIGN OFFICE WENT TO SOME
EFFORT TO GIVE UNDER SECRETARY CASEY A PURELY FOREIGN
OFFICE REACTION TO THE PROPOSED U. S. TRADE BILL.
THIS REACTION, WHICH SEEMS TO REFLECT THE
THINKING OF THE NEW ASSISTANT SECRETARY HERMES, DIFFERS
IN AT LEAST ONE KEY RESPECT FROM THAT EARLIER GIVEN
US BY THE ECONOMICS MINISTRY. THE FOREIGN OFFICE
VAGUELY IMPLIED THAT EUROPEAN REACTION TO
PROTECTIONISM AS REFLECTED IN CERTAIN AUTHORITIES IN THE PROPOSED
U. S. BILL COULD INCLUDE PRESSURE FOR ACTION AFFECTING U. S.
INVESTMENT IN EUROPE. ALSO DISCUSSED WERE EC PREFERENTIAL
ARRANGEMENTS, URANIUM ENRICHMENT AND FINANCING FOR AIRBUS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 04423 261821 Z

ENGINES. END SUMMARY.

2. UNDER SECRETARY CASEY, ACCOMPANIED BY ASSISTANT SECRETARY ARMSTRON, THE AMBASSADOR, AND KATZ EUR/ RPE MET MARCH 26 WITH FOREIGN OFFICE STATE SECRETARY FRANK. ASSISTANT SECRETARY HERMES AND OTHER FOREIGN OFFICE REPRESENTATIVES. FRANK ASSURED UNDER SECRETARY CASEY THAT THE FRG WILL DO EVERYTHING POSSIBLE, AS A MEMBER OF THE EC, TO ACHIEVE SUCCESS IN COMING NEGOTIATIONS BETWEEN THE U. S. AND THE COMMUNITY, NOTING THAT NO ONE KNOWS MORE THAN THE FRG WHAT IS AT STAKE. HE AND HERMES ALSO SAID THEY WERE ENCOURAGED THAT THE CENTRAL THEME OF A PROPOSED US TRADE BILL WAS LIBERALIZATION.

3. FRANK THEN CITED THREE MAJOR CONCERNS WITH WHAT HE CALLED PROTECTIONIST ASPECTS OF THE CONTEMPLATED US TRADE BILL. A. ALTHOUGH OUR BALANCE OF TRADE DEFICIT WAS ATTRIBUTABLE LARGELY TO OTHERS, (I. E. JAPAN), US RESTRICTIVE " MEASURES" FORESEEN IN THE PROPOSED TRADE BILL WOULD APPARENTLY APPLY TO EUROPE AS WELL. B. PROTECTIONIST " MEASURES" INVITE RETALIATION AND ESCALATION. C. US FOREIGN INVESTMENT IN EUROPE IS SOMETHING THAT EUROPE WOULD HAVE TO KEEP IN MIND IF THE US WERE TO TAKE PROTECTIONIST TRADE ACTION. ON THE LAST POINT, HE NOTED THAT REMITTANCES FROM US FIRMS OVERSEAS WERE EXPECTED TO BE ONE OF THE MAINSTAYS OF THE FUTURE U. S. BALANCE OF PAYMENTS.

4. HERMES (WHO WAS PROBABLY THE AUTHOR OF FRANK'S TALKING POINTS) SUBSEQUENTLY PICKED UP THIS POINT. HERMES URGED THE US TO BE " RESPONSIBLE" IN THE TRADE AUTHORITY IT SEEKS. HE ASSERTED THAT IF ECONOMIC POWERS OF THE STRENGTH OF THE US NEED SUCH PROTECTIONIST " ENDEAVORS" (WHICH HE DISTINGUISHED FROM " MEASURES"), THEN LESSER POWERS SUCH AS THE FRG WILL BE PRESSED TO AT LEAST MATCH THIS. WHEN THIS REACTION COMES, HERMES SAID, IT WILL NOT BE CONFINED TO THE TRADE SECTOR BUT SPILL OVER TO CAPITAL MOVEMENTS AND INVESTMENT AS WELL.

5. HERMES REPEATEDLY REJECTED THE POINT THAT THE US PRESIDENT WOULD BE SEEKING ONLY THE DEGREE OF

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 04423 261821 Z

FLEXIBILITY OTHER MAJOR TRADERS ALREADY HAVE. HE

STATED THAT THE FRG WAS NOW JUST AS LIMITED AS THE AMERICAN PRESIDENT IN ITS ABILITY TO TAKE PROTECTIVE ACTION IN THE TRADE FIELD. HE ADDED THAT THE FRG COULD NOT GO BEYOND ACTIONS CONTEMPLATED BY PRESENT GATT RULES.

6. UNDER SECRETARY CASEY REVIEWED THE SPECIFIC PRUPOSE AND NATURE OF EACH MAJOR ELEMENT OF FLEXIBILITY CONTEMPLATED FOR THE TRADE BILL. HE NOTED THAT OUR LEGAL SYSTEM WAS DIFFERTET FROM THAT OF OTHER COUNTRIES, SO THAT THE PRESIDENT NEEDED SPECIFIC AUTHORIZATIONS TO HAVE THE SAME FLEXIBILITY OTHER GOVERNMENTS ALREADY HAVE. HE NOTED THAT OUR INTENTION WAS TO USE THIS FLEXIBILITY TO MOVE IN A LIBERAL DIRECTION. BUT OUR CONFIDENCE THAT THIS WILL BE ACHIEVABLE WOULD BE INCREASED IF OTHERS SHOWED SOME COMMITMENT TO LIBERALIZATION IN AGRI-CULTURE. HE CITED CURRENT VARIABLE LEVIES OF THE EC AND REVERSE PREFERENCES AS TWO ELEMENTS OF THE CURRENT SCENE WHICH WERE NOT IN CONFORMITY WITH THE LIBERAL AND OPEN SYSTEM HIS FRG INTERLOCUTORS SEEMED CONCERNED ABOUT.

7. UNDER SECRETARY CASEY THEN REVIEWED HIS DISCUSSIONS IN BRUSSELS WITH COMMISSION VICE PRESIDENT SOAMES AND OTHERS ON MEDITERRANAAN POLICY AND EC PREFERENTIAL ARRANGEMENTS. FRANK RESPONDED THAT THIS MUST BE AN AREA WHERE THE US AND EC CAN COME TO AN AGREEMENT, GIVEN THEIR COMMON POLITICAL GOAL OF HELPING DEVELOPING COUNTRIES. HE ADDED THAT THE FRG COULD AGREE TO A GENERALIZED PREFERENTIAL SYSTEM FOR DEVELOPING COUNTRIES (WITHOUG SPECIAL OR REVERSE PREFERENCES).

8. AT THE CLOSE OF THE MEETING, FRANK RAISED TWO ISSUES (AEC URANIUM ENRICHMENT CHARGES AND US REFUSAL TO PROVIDE EXIM BANK FINANCING FOR AIRBUS ENGINES) WHICH HE DESCRIBED AS SMALL BUT SENSITIVE ISSUES ON WHICH THE US HAS AGGRAVATED US/ EC RELATIONS. UNDER SECRETARY CASEY AND ASSISTANT SECRETARY ARMSTRONG NOTED THAT THE ADC PROPOSED CHARGES WERE BEING REVIEWED
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BONN 04423 261821 Z

AND THAT THE DECISION ON AIRBUS ENGINE FINANCING WAS BASED ON A JUDGMENT THAT EUROPE DID NOT NEED THE FINANCING, RATHER THAN AVIATION POLICY CONSIDERATIONS.

9. THIS REPORT, PREPARED AFTER UNDERSECRETARY CASEY'S
DEPARTURE, HAS NOT BEEN CLEARED WITH HIM.
HILLENBRAND

CONFIDENTIAL

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN04423
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: XGDS
Errors: n/a
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730337/aaaaihw.tel
Line Count: 176
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jul-2001 by willialc>; APPROVED <07-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971229
Subject: FOREIGN OFFICE REACTION TO UNDER
TAGS: ETRD
To: EB
EC BRUSSELS
LONDON
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005